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C O N F I D E N T I A L SECTION 01 OF 02 ISLAMABAD 001829

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SUBJECT: CODEL SMITH MEETS PRESIDENT MUSHARRAF

Classified By: Anne W. Patterson, for reasons 1.4 (b)(d).

¶1. (C) Summary. In a meeting April 28, Codel Smith discussed the political and economic situation and efforts to combat extremism in Pakistan. Musharraf expressed appreciation for U.S. assistance in the tribal areas but said more was needed; he defended efforts by the new government to begin negotiations with the tribal leaders who have been supporting militancy. He recommended the new government cut spending and increase earnings through greater exports and access to the U.S. market. End Summary.

¶2. (U) Codel Smith--Representatives Adam Smith (D-WA), Mac Thornberry (R-TX), Gabrielle Giffords (D-AZ), Bill Shuster (R-PA) and Mike Conaway (R-TX)--and Ambassador met April 28 with Pakistan President Musharraf in Islamabad.

¶3. (C) Musharraf opened the meeting by noting this was the eighth codel who had visited so far this year and said "the more the better." Smith emphasized the long-term U.S. commitment to Pakistan, and Musharraf agreed that the relationship was broad based and should expand. Musharraf noted that the U.S. and Pakistan had a good relationship for 42 years through the Cold War, but that relations deteriorated ("I don't want to say why") between 1989-2001. We are rebuilding confidence, but it will take time, asserted Musharraf.

¶4. (C) Congressman Smith asked for a political/economic update. Musharraf replied that he had delivered 7% economic growth for five years, which was accompanied by a growth in GDP and per capita incomes. But the increased price of oil, wheat and edible oil prices had skyrocketed in the last year, increasing the fiscal deficit and the balance of payments deficit. He recommended that the new government cut spending and increase earnings. This would require increasing exports through improved market access with states like the U.S. Musharraf said that in the Federally Administered Tribal Areas (FATA), the GOP was pursuing a triple-track approach. On the political level, there were jirga negotiations with tribal leaders. These were talks based on military gains, so this time the GOP was negotiating from a position of strength, asserted Musharraf. This approach was supplemented by socio-economic development efforts. Pakistan was spending \$50 million in FATA, and he appreciated the \$150 million per year that the U.S. was contributing to this effort. But more was needed. On Reconstruction Opportunity Zones, Musharraf said that there had been lots of talk but no action yet. The GOP was working on developing the marble industry in FATA.

¶5. (C) Congressman Smith expressed concern about the

pending South Waziristan peace agreement. Musharraf responded that no one wants the Taliban but military force alone will not be enough to defeat them. The new government had to try the political track. The new agreement called for the ouster of al Qaeda and would prevent cross border attacks; it would be enforced by using the Frontier Crimes Regulations. It was important, he said, to help people frightened by the Taliban move away from the militants. At the same time, Musharraf said there was a need to train and equip local forces and let them beat the terrorists. Congressman Thornberry said the U.S. appreciated Pakistan's efforts to fight terrorism but noted that, if there are further attacks on the U.S. from al Qaeda, there would be a great demand in the U.S. for a unilateral response. Musharraf said he sensed there was a change in the environment and that tribes were fed up with the militants' operations in Pakistan; the key would be to prevent them crossing over into Afghanistan.

16. (C) Congresswoman Giffords asked about the role of women in Pakistan and urged their empowerment. Musharraf said he had had partial success in increasing the number of women in politics; they now represented 18% of the National Assembly and 30% of the provincial assemblies. Girls were doing better than boys in school, they increasingly were receiving pay equal to that of men, and he had pushed through an amendment of the Hudood ordinances (moving rape cases from the religious to civil courts). However, Musharraf lamented that there was still a great deal of work to be done in rural areas, where the majority of women lived.

17. (C) Congressman Shuster asked how we could defeat the

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Taliban. Musharraf provided a history lesson, explaining how Pakistan suffered after the U.S. withdrew following the defeat of the Soviets in Afghanistan. Musharraf said he had told then President Clinton that the U.S. should join Pakistan in recognizing the Taliban after they took over Afghanistan. That, he claimed, would have given the West more leverage over the Taliban from within and perhaps there might not have been an attack on 9/11. Pakistan, he said, had taken a lot of action against militants but it had not been matched on the Afghan side; Pakistan had over 1,000 border posts compared to 90-100 on the Afghan side. He suggested the U.S. could help Afghanistan with more technical surveillance and biometric-capable equipment to monitor the 35,000 people who cross the border every day. Congressman Shuster noted that Pakistani participation in the tripartite Border Coordination Centers would also increase the monitoring capability of all sides.

18. (C) Congressman Conaway noted that he had many Pakistan-American constituents. Unless there was progress in fighting the militants and finding Osama bin Laden, initiatives like the Reconstruction Opportunity Zones and our support for development in the tribal areas would be thrown into jeopardy. He asked Musharraf's views on reports that the Army and ISI were complicit in allowing militant activities to continue. Musharraf said it wasn't as easy as it appeared. He had ordered the Army to find local militant leader Maulana Fazlullah, for example, but he continued to evade capture. The mountainous terrain, poor communications, and local supporters impeded efforts to capture and kill these militants.

19. (C) Congressman Smith asked how Musharraf was dealing with the new government. Musharraf replied that he was working with them; they were good people and the elections had been free and fair. The problem was that no one party won an outright majority, so now opposing parties were in a coalition. It was, he said, as if the Democrats and the Republicans were trying to rule the U.S. together. Musharraf said his role now was to "sit and watch." He said the Pakistan People's Party was favorably disposed to him, but that Nawaz Sharif was a "crazy man who couldn't get along

with any Army Chief." The coalition was trying to come to an agreement on the judiciary issue, said Musharraf, and he hoped that the issue would not become even more politicized than it was. Reinstating of the old judges was a good idea, said Musharraf, but why concentrate on one man (sic the former Chief Justice) who will disrupt the entire process. Musharraf said he hoped the coalition could survive a full five year term, but he doubted it would. For now, he said he was relaxing and enjoying life.

PATTERSON